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SIPDIS

SENSITIVE

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SUBJECT: CHINESE TIES WITH MOZAMBIQUE

REF: A. STATE 153199

[1B](#). 2004 MAPUTO 406

Sensitive But Unclassified - Handle Accordingly

[11](#). (U) Summary: China has extensive political, economic, and military ties with Mozambique, and its visibility appears to be growing. Mozambique's President and Prime Minister have each met with their Chinese counterparts in the last two months. End Summary.

Political Relations

[12](#). (U) China supported FRELIMO in its independence struggle in the 1960s and 1970s and quickly recognized the new government after independence. In recent years, China has financed the construction of a number of high-profile government buildings, including the Chissano International Conference Center in 2003 (at a reported cost of USD 5 million) and the Foreign Ministry in 2004 (USD 12 million).

[13](#). (U) On September 14, President Guebuza met with Chinese President Hu Jin Tao on the margins of the UNGA high-level event in New York. Both agreed that they would seek to improve and deepen bilateral relations, according to press reports. Much of their discussion focused on economic matters, with Guebuza emphasizing the need for improved relations in the areas of agriculture, aquaculture, and infrastructure. Hu pointed to the complementarity of Mozambique's undeveloped natural resources and China's experience and technology in these areas. Both said that they shared the same views on the Millennium Development Goals and on UN reform, including reform of the UN Security Council.

[14](#). (U) Prime Minister Luisa Diogo visited China in late August and in late September received a delegation of the Chinese Communist Party, led by Political Bureau member Yu Zhengsheng.

Trade and Investment

[15](#). (U) Trade between China and Mozambique is growing rapidly, according to statements made by Diogo and Chinese Prime Minister Wen Jia Bao after they met during Diogo's five-day trip to China. Diogo was in Beijing to attend the tenth anniversary of the Beijing UN Conference on Women, but apparently devoted considerable attention during her visit to encouraging greater Chinese trade and investment in Mozambique. On September 2, at the close of the visit, Prime Minister Wen told reporters that trade between the two countries had increased by 110 percent in the first six months of 2005 compared with the same period in 2004. While Wen gave no figures for the six-month period, he said that in 2004, trade between the two countries amounted to USD 205 million, of which USD 120 million was in the export of Chinese goods and services to Mozambique and USD 85 million in Mozambican imports. (Comment: These figures are significantly higher than Mozambican national statistics institute (INE) figures for 2002 and 2003. The INE cites approximately USD 46 million in Mozambican imports from China and Hong Kong combined and USD 11 million in Mozambican exports to China and Hong Kong combined. We do not know the composition of trade. We suspect Chinese road construction work here (see para 8) figures prominently in Chinese exports, as does clothing. Main Mozambican exports to China are thought to be seafood (shrimp, sharks) and high-value timber, but we do not have figures. End comment.)

[16](#). (U) At the same press conference, Wen announced that the Chinese government had decided that starting in 2005, 187 Mozambican products would receive duty-free entry to China. The product types were not given, but, according to a journalist, include raw materials for use in the production of heavy machinery.

[17](#). (U) For her part Diogo was full of praise for Chinese products. During the visit she announced that the Mozambican government would soon purchase 70 Chinese buses for use in Maputo, and indicated that further bus purchases could follow. Diogo reportedly called for greater investment in Mozambique, which she said China "would never regret," in a meeting with Chinese business representatives. During the meeting it was mentioned that a recent survey in China of 2,000 small and medium-sized businesses concluded that Ghana,

Tanzania and Mozambique were considered the most attractive African countries for investment. Also, members of the Mozambican delegation held talks with China's health ministry over the importation of health equipment and drugs, and the possibility of increasing the number of Chinese doctors working in Mozambique (see ref B for more on Chinese medical teams).

Infrastructure

18. (SBU) A Chinese construction company is resurfacing a section of the main north-south highway in Inhambane, Sofala, and Zambezia provinces. The repair work is to be completed in 2006. Total estimated cost is USD 106 million. Another Chinese company is working on the water system in Beira, the country's second largest city.

19. (U) Martyn Davies, Director of the China Studies Center at the University of Stellenbosch in South Africa, claims the Chinese casino magnate Stanley Ho is interested in acquiring part of Mozambique's giant hydro-electric generating facility, the Cahora Bassa dam, according to a mid-August press report. He is said to be awaiting, however, the outcome of discussions between the Mozambicans and the Portuguese on sale of the dam to Mozambique. (Note: Mozambique owns 18 percent of the stock of Hidroelectrica Cahora Bassa and Portugal 82 percent. The Portuguese say they are owed USD 1.7 billion in debt for the period when the facility was not operational during Mozambique's civil war, and they have made repayment a condition of any deal with Mozambique. End note.) In addition, Davies claims that a group of Chinese investors has expressed interest with the Mozambican government in developing a large part of the Zambezi river valley. Incidentally, Davies' figures for Chinese trade with Africa may be of interest: USD 29.5 billion in 2004, an increase of 59 percent above total trade with Africa in 2003. Davies states that Chinese trade with Africa has been growing, on average, by 31.2 percent since 2001. (Comment: We do not know how much of this increase is due to oil price increases. End comment.)

Military and Police

10. (SBU) In June 2005 Defense Minister Tobias Dai announced the receipt of a grant of USD 1 million worth of Chinese military assistance. Details of how the aid will be used have not been fully settled, but some will go to support 50-100 scholarships each year for Mozambican military officers to study in China, according to press reports. Defense Minister Dai traveled to China earlier in June on a seven-day goodwill visit. We also have heard unconfirmed reports that the Chinese help the military grow rice in Gaza province's Chokwe district.

11. (SBU) The Chinese have recently supplied Mozambique's police force with 200 or 300 (accounts differ) motorcycles and outfits that are being used in Maputo and another city. The motorcycle patrols have significantly increased the visibility of the police, and we have heard reports that the Mozambican government is seeking additional motorcycles.

Perceptions of China and the Chinese

12. (SBU) One Mozambican newspaper recently carried a glowing account of China's economic accomplishments by a journalist who evidently traveled with the Prime Minister on her August trip to Beijing. The tone of the article is that China is the model for the future, in contrast the United States, which will be eclipsed one day. Other reports praising China as a development success are regularly carried by the local media. Nonetheless we believe that Mozambicans have more mixed views toward the increasing numbers of Chinese working in the country. A recent story about Mozambicans beaten by their Chinese employers received prominent media coverage. And many Mozambicans, we understand, resent that Chinese laborers are used in the construction industry at a time when only around ten percent of the Mozambican workforce holds jobs in the formal sector.

La Lime